

# Attachment B

## Declaration of Michelle Rogow

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20 UNITED STATES DISTRICT COURT FOR  
21 THE NORTHERN MARIANA ISLANDS

22  
23 UNITED STATES OF AMERICA,  
24 Plaintiff,  
25  
26 vs.  
27 COMMONWEALTH UTILITIES  
28 CORPORATION, and the  
COMMONWEALTH OF THE  
NORTHERN MARIANA ISLANDS,  
Defendants.

Case No. 08-cv-0051

**DECLARATION OF MICHELLE  
ROGOW IN SUPPORT OF UNITED  
STATES' RESPONSE TO CUC'S  
MOTION TO CONSTRUE AND  
CLARIFY ORDER**

Judge: Hon. David O. Carter

Hearing Date: TBD

Time:

Location:

1                   **DECLARATION OF MICHELLE ROGOW**

2                   I, Michelle Rogow, declare the following:

3                   1. I submit this declaration in support of the United States' Response to  
4 CUC's Motion to Construe and Clarify Order.

5                   2. I graduated from Drexel University in Philadelphia, Pennsylvania in  
6 1994 with a Bachelor of Science in Civil Engineering. I am a California  
7 Professional Engineer, licensed in Civil Engineering.

8                   3. Since 1991, I have been employed by the United States  
9 Environmental Protection Agency ("EPA"). Initially, I worked as an  
10 Environmental Engineering Aide providing technical support for enforcement  
11 matters. In 1994, I began working in EPA's Region 9 office in San Francisco,  
12 California, as an Environmental Engineer conducting enforcement inspections and  
13 investigations as part of EPA's oil planning, preparedness and response program. I  
14 have received training on oil spill prevention and preparedness regulations and  
15 personally conducted numerous Spill Prevention, Control and Countermeasures  
16 ("SPCC") and Facility Response Plan ("FRP") inspections. In 1999, I became a  
17 California-registered Professional Engineer licensed in civil engineering.

18                   4. Since 1999, I have been an On-Scene Coordinator with the duties and  
19 authorities prescribed at 40 C.F.R. § 300.120. As an On-Scene Coordinator, I  
20 assess and respond to oil and hazardous substance releases and direct and oversee  
21 contractors and responsible parties in conducting emergency response actions. I  
22 have received training in the management of oil spills and personally have  
23 managed responses to actual oil spills.

24                   5. Based on my experience with EPA's oil program and as an On-Scene  
25 Coordinator responding to oil spills, I testify to the following based on my personal  
26 knowledge and observations.

27  
28                   *DEC OF MICHELLE ROGOW IN SUPPORT OF US' RESPONSE TO CUC'S  
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1       6. Since April 2006, I have been assigned to the matter now known as  
 2 *United States v. Commonwealth Utilities Corporation and the Commonwealth of*  
 3 *the Northern Mariana Islands*, Civil Action No. 08-0051.

4       7. As part of these responsibilities, I have conducted oil spill prevention  
 5 and preparedness inspections and site visits of CUC Power Plants 1, 2, 3 and 4 and  
 6 the Rota Power Plant; conducted reviews of SPCC Plans and FRPs; responded to  
 7 oil spills from the Power Plant 1 and 2 facility and the CUC Pipeline; and  
 8 coordinated with CUC on oil spill response, prevention and preparedness issues. I  
 9 issued Clean Water Act (“CWA”) Section 311(c) Orders on October 25, 2006 and  
 10 October 12, 2007 to CUC in response to oil discharges and threats of oil discharges  
 11 from its Power Plant 1 and 2 facility and been involved with oversight of  
 12 compliance with these CWA 311(c) Orders.  
 13

14      8. Since March 2009, when the Stipulated Orders were entered by the  
 15 Court, I have been involved with oversight of compliance with oil spill prevention,  
 16 preparedness and response activities and work as required by Stipulated Order  
 17 Number Two. Since entry of Stipulated Order Number Two (“SO2”), I have also  
 18 been directly responsible for oil spill and hazardous substance cleanup activities  
 19 being conducted by EPA at Power Plants 1 and 2, Power Plant 3, Power Plant 4  
 20 and the Rota Power Plant.

21      9. In September 2014, I was part of the EPA/DOJ team negotiating the  
 22 September 26, 2014 Final Order Re: Joint Stipulation Among the United States,  
 23 CUC and the CNMI (“EEMC Order”). This Order provided for the appointment of  
 24 an Environmental and Engineering Management Company (“EEMC”) to assist in  
 25 the conducting of work under SO2 and funding for the associated work. I  
 26 participated in most, if not all, of the negotiation sessions between EPA and CUC  
 27 and the CNMI, including discussions regarding the funding of the EEMC Order.  
 28

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1       10. EPA anticipates that the EEMC will have a significant role in  
2 implementing SO2 capital improvement projects. The EEMC's role will be  
3 shaped as the process unfolds; funding is made available by CNMI; projects are  
4 prioritized; better defined cost estimates are generated; financing needs are  
5 clarified, and projects are completed by the EEMC, CUC, or EPA as directed by  
6 EPA.

7       11. As the regulatory environmental agency, the EEMC Order provides  
8 EPA a substantial role in selecting the projects that will be implemented by the  
9 EEMC and overseeing how the work is implemented.

10      12. The EEMC Order imposes funding requirements upon CNMI;  
11 however, flexible project implementation is necessary to address priorities,  
12 limitations of funding sources and available funding. As CNMI funding under  
13 the EEMC Order is limited in amount, under a defined schedule, will not fully  
14 fund SO2 projects, and may be restricted to certain projects by the grant agency,  
15 the EEMC Order allows for a dynamic process that authorizes EPA to determine  
16 the schedule and which projects will be implemented by the EEMC.  
17

18      13. For initial planning purposes, EPA and CUC created a list of  
19 projects from which EPA will identify top priorities, and for those, assign certain  
20 ones for the EEMC implementation, with others retained by CUC or EPA, based  
21 on available funding. This initial list of projects is not part of the EEMC Order  
22 but has been identified by CUC for purposes of its motion as the "thirteen SO2  
23 projects". However, in no manner is EPA limited by the thirteen SO2 project list  
24 in prioritizing and assigning projects, nor does it limit CUC's obligations  
25 regarding SO2.

26      14. Although EPA and CUC attempted to forecast future costs for the  
27 thirteen SO2 projects, the actual project costs are subject to uncertainty. For  
28

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example, currently listed projects include the CUC pipeline and facility drainage at each of the power plants. However, since no EEMC or subcontractor contracts are in place, the actual project costs are not known. The CUC pipeline is a high priority and the estimated cost of completing this project is substantial. Therefore, it will impact how much other work can be accomplished with the available funding, including whether the remaining “twelve SO2 projects” can be completed. With respect to the facility drainage, an engineering assessment has not been undertaken so the final design is yet to be determined and the actual cost of the remedy could be subject to substantial change from initial estimates. If, for example, the power plant facility drainage engineering costs increase beyond current cost estimates, EPA might need to direct the EEMC to implement other projects that can be implemented with available funding, rather than move forward with the implementation of the facility drainage plan until adequate funding becomes available. During projects such as the facility drainage engineering assessment, other work may arise that may not be included in the thirteen SO2 projects. Other possibilities may include a newly identified critical SO2 need such as an oil spill or waste management projects that EPA determines must be implemented by the EEMC, regardless of whether the project is identified in CUC’s list of thirteen SO2 projects.

15. The scope of the work that EPA can actually assign to the EEMC is subject to grant and other funding and the funding schedule. It is EPA’s position that the EEMC should only be tasked to conduct work where there is adequate and applicable grant funding or funding in the Court Registry. Currently, CNMI is only required to deposit \$5M into the Court Registry by December 31, 2014. This first payment and subsequent payments limit the amount of work that the EEMC can conduct. With regard to the other grant-based funding, there will

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1 likely be project specific restrictions on DOI's grant monies made available for  
 2 the EEMC. Similarly, since CNMI is required to fund the Court Registry or  
 3 provide notice of funding over a four year period, EPA retained project flexibility  
 4 to ensure that the assigned EEMC projects meshed with the CNMI funding  
 5 availability to ensure that the most important projects are addressed first. If  
 6 CNMI does not meet its EEMC Order funding obligations, it would also impact  
 7 the nature of the projects performed by the EEMC.

8       16. If the cost of CUC's thirteen SO2 projects exceeds the CNMI  
 9 EEMC Order funding requirements, the EEMC would not be tasked by EPA to  
 10 complete all these projects. If the EEMC's costs for conducting the thirteen  
 11 projects is less than the EEMC Order funding, additional projects may be able to  
 12 be tasked or the money may be transferred to the CUC TMO in accordance with  
 13 EEMC Order Section F.2. During discussions, CUC and CNMI expressed their  
 14 concern with EEMC spending and CUC requested that EPA retain the option of  
 15 selecting CUC to conduct SO2 projects in order to maximize the available EEMC  
 16 funding as CUC is ultimately responsibility for completing all SO2 obligations.  
 17

18       17. EPA is currently performing cleanup work at Power Plants 1 & 2,  
 19 and the Rota Power Plant, and may need to remain the lead on that work until  
 20 appropriate funding is available in the Court Registry.

21       18. In addition to the cleanup work that EPA is performing at Power  
 22 Plants 1 and 2 and Rota, it is EPA's position that Tank 102 and the CUC Pipeline  
 23 are currently the highest priority projects under SO2. Both of these projects have  
 24 had long delays and these two projects should be completed in the most  
 25 expeditious manner.

26       19. During discussions that occurred between September 20, 2014 and  
 27 September 26, 2014 ("September discussions"), CUC and the United States agreed  
 28

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1 that CUC would continue and complete work on the construction of Tank 102,  
 2 since CUC had already contracted for the Tank 102 work and CUC controlled  
 3 approximately \$1.5M of funding obligated or slated to be obligated by CUC to pay  
 4 for the Tank 102 contracts.

5       20. CUC is under contract with Tano Group, an approved EPA  
 6 contractor for this work, to construct Tank 102, for which sufficient grant and  
 7 CUC funding had been earmarked for the project; therefore, there was no reason  
 8 to delay completing this important project until the EEMC is selected. The parties  
 9 advised the Court that in light of CUC's expected Tank 102 progress, an  
 10 appropriate date for a CNMI-based status conference would be the end of  
 11 February, 2015.

12       21. During the September discussions, CUC informed the United States  
 13 that it wanted the pipeline construction project to be transitioned to the EEMC.  
 14 EPA negotiated with CUC and CNMI in good faith based on this information, to  
 15 make determinations about how much funding should be provided by the initial  
 16 December 31, 2014, EEMC Order funding deadline in order to ensure that Tank  
 17 102 and the pipeline projects were the initial priority projects and completed as  
 18 soon as possible.

20       22. During the September discussions, CUC estimated the pipeline project  
 21 would cost approximately \$5.750M, and that only approximately \$222,465 of grant  
 22 money is available for that work. CUC subsequently raised that estimate in  
 23 documents provided on September 28, 2014 (*See, Exhibit 1, at 2*). CUC also  
 24 informed EPA that there was \$1.682M of grant money obligated to the  
 25 Smithbridge contract (the former pipeline construction company), which may or  
 26 may not be available for the pipeline construction work.

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1       23. Based on CUC's agreement that CUC would construct Tank 102 and  
2 that EPA expected the pipeline construction and construction oversight to be  
3 transitioned to the EEMC, EPA agreed to accept the \$5M Court Registry payment  
4 due on December 31, 2014, and the \$2.8M payment due by February 1, 2015 - as  
5 this amount should be sufficient for the pipeline, the EEMC management costs for  
6 the first year and to begin planning for other capital projects to be completed in the  
7 second year. However, this amount is not sufficient and was not intended to  
8 address the Tank 102 construction because CUC agreed to fund (without using  
9 EEMC funds / CNMI funding required under Section D of the EEMC Order) and  
10 fully implement the Tank 102 construction.

11      24. EPA and CUC agreed that the pipeline construction work will be  
12 transferred to the EEMC. EPA did not agree that the existing pipeline contracts  
13 would transfer to the yet to be appointed EEMC. Within approximately two  
14 hours of the Court signing the EEMC Order and before the parties exited the  
15 courthouse, CUC requested EPA to endorse the transfer of the Smithbridge  
16 pipeline construction contract to the EEMC notwithstanding the Court's and  
17 EPA's substantial concerns with Smithbridge's poor work relating to pipeline.  
18 Despite the concerns raised by the Court, CUC, EPA, and others, CUC  
19 alternatively sought approval for continuing to utilize Smithbridge for the  
20 pipeline construction. Before leaving the courthouse, the United States rejected  
21 CUC's Smithbridge proposal.

22      25. On September 28, 2014, CUC provided a spreadsheet to EPA which  
23 memorialized and proposed a path forward given the amount of funding that was  
24 being made available to the Court Registry, the cost of projects and the plan for  
25 CUC to complete construction of Tank 102 with CUC's existing contracts and  
26 funding. Page 6 of CUC's spreadsheet states that the Tank 102 project is "CUC  
27  
28

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1 SCOPE - NOT EEMC.” A true and accurate copy of the September 28, 2014,  
2 email and attached spreadsheet from CUC’s TMO Andrew Longworth to me is  
3 included as Exhibit 1 to this declaration.

4       26. The upcoming January 4, 2015, resignation of CUC’s Technical  
5 Manager for Oil (“TMO”) has heightened EPA’s concern over the capability of  
6 CUC to oversee the construction of Tank 102 and other SO<sub>2</sub> related work,  
7 including the appropriate management of the CUC TMO annual budget. With  
8 that in mind, EPA and CUC recently discussed whether the Tank 102  
9 construction should be placed with the EEMC. However, these discussions broke  
10 down as CUC insisted that the EEMC cannot utilize approximately \$1.15M in  
11 non-grant funding and \$350,000 in grant funding (totaling approximately \$1.5M  
12 and that is not part of the EEMC fund) already earmarked for Tank 102  
13 construction, but that those funds should flow to CUC to use as CUC wishes.  
14 EPA is open to discussing whether to reverse the agreed upon course and task the  
15 EEMC with the Tank 102 construction but only if the \$1.5M earmarked grant  
16 and non-grant Tank 102 funds are used to fund the EEMC for the Tank 102  
17 project, without the encumbrances of CUC’s existing contracts. A true and  
18 accurate copy of CUC’s notice of resignation of its TMO that was received by  
19 me is included as Exhibit 2 to this declaration.

21       27. Based upon my experience, the EEMC may not want to be bound by  
22 and manage CUC’s existing contracts because: 1) the EEMC is not a party and  
23 had no involvement in negotiating or implementing CUC’s contracts; 2) the  
24 EEMC may not be able or want to be bound by the terms and conditions of  
25 CUC’s contracts; 3) CUC’s contracts may conflict with the EEMC Order and the  
26 future EEMC agreement, including its specified rates and payment terms; 4) the  
27  
28

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EEMC may have in-house personnel or its contractors to conduct the work; and  
5) CUC's contractors may have no interest in working with the EEMC.

28. The funds provided by CNMI set forth as the total Remuneration under Section D of the Order may not fully fund the thirteen SO2 projects identified by CUC, and were not intended and will not fund all SO2 requirements.

29. In addition to the \$22.8 million being provided by CNMI pursuant to Section D of the EEMC Order, CUC memorialized in Section D 1.(d) of the EEMC Order that CUC \$2.271M in grant funding is still available for SO2 projects (*See*, Exhibit 1, at 4-5). CUC agreed that this funding would either be used by CUC to complete SO2 projects or reprogrammed to allow for its use by the EEMC. This provision in the EEMC Order is further evidence of CUC's agreement regarding its continuing obligations under SO2, and that it would continue to conduct SO2 related work.

30. Under Section F.1. of the EEMC Order, an annual budget of \$450,000 must be funded by CUC for work to be conducted by the CUC TMO, also known as the Petroleum and Compliance Manager. This budget was specifically established to ensure that CUC had funding to undertake SO<sub>2</sub> activities and build capacity for CUC to conduct oil infrastructure, oil spill prevention, preparedness and response activities for its facilities. This funding can be used for appropriate SO<sub>2</sub> activities and is further evidence of CUC's continuing obligations to comply with SO<sub>2</sub>, regardless of the EEMC.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed this 12<sup>th</sup> day of December 2014, in San Francisco, California.

/s/ Michelle Rogow

MICHELLE ROGOW

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# Exhibit 1

**Rogow, Michelle**

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**From:** Andrew Longworth <andrew.longworth@cucgov.org>  
**Sent:** Sunday, September 28, 2014 8:48 PM  
**To:** Rogow, Michelle  
**Subject:** Project Costs and Prioritization  
**Attachments:** Project Cost Summaries.xlsx

Michelle,

Please see the attached sheet with our discussed project costs and a suggested schedule for each scope. We are working on the scopes and should have a draft for you very soon.

--  
Andrew Longworth  
Petroleum and Compliance Manager  
Commonwealth Utilities Corporation  
PO Box 501220  
Saipan MP 96950-1220  
Office: 670 322 4129  
Cell: 670 783 0410

<b>Project</b>	<b>Project Cost</b>	<b>Contingency</b>	<b>EEMC</b>	<b>Total</b>
Pipeline	\$ 3,807,087.02	\$ 951,771.76	\$ 1,189,714.69	\$ 5,948,573.47
PP1/2 Tank 103	\$ 619,236.91	\$ 154,809.23	\$ 193,511.53	\$ 967,557.67
PP1/2 Facility Drainage	\$ 950,000.00	\$ 237,500.00	\$ 296,875.00	\$ 1,484,375.00
PP1/2 FRP	\$ 1,020,000.00	\$ 255,000.00	\$ 318,750.00	\$ 1,593,750.00
PP1/2 Tank 104	\$ 500,000.00	\$ 125,000.00	\$ 156,250.00	\$ 781,250.00
PP1/2 Facility Piping	\$ 550,000.00	\$ 137,500.00	\$ 171,875.00	\$ 859,375.00
PP1/2 Wate Management	\$ 825,000.00	\$ 206,250.00	\$ 257,812.50	\$ 1,289,062.50
PP3 Remediation	\$ 140,000.00	\$ 35,000.00	\$ 43,750.00	\$ 218,750.00
PP4 Remediation	\$ 600,000.00	\$ 150,000.00	\$ 187,500.00	\$ 937,500.00
Rota Waste	\$ 75,000.00	\$ 18,750.00	\$ 23,437.50	\$ 117,187.50
Rota Drainage	\$ 475,000.00	\$ 118,750.00	\$ 148,437.50	\$ 742,187.50
EPA Remediation PP1 & Rota	\$ 5,000,000.00	\$ -	\$ -	\$ 5,000,000.00
Grand Totals	\$ 14,561,323.93	\$ 2,390,330.98	\$ 2,987,913.73	\$ 19,939,568.64

Grant Funding with CUC \$ 1,812,727.92  
Funding Required from CNMI \$ 18,126,840.72  
Order funding \$ 22,800,000.00

Project	Total	Urgency	Limiting	Linking	Estimated Project Duration	2015		2016		2017		2018	
Pipeline	\$ 5,948,573.47	High	Contact	-	12 months	\$ 5,948,573.47							
PP1/2 Tank 103	\$ 967,557.67	High	Tank 102	FRP	4 months - after T102	\$ 96,755.77	\$ 774,046.14	\$ 96,755.77					
EPA Remediation PP1 & Rota	\$ 5,000,000.00	High	Nothing	Drainage	24 months	\$ 1,666,665.00	\$ 1,666,665.00	\$ 1,666,665.00					
PP1/2 Facility Drainage	\$ 1,484,375.00	Moderate	Some EPA remediation?	Waste	7 months	\$ 148,437.50	\$ 1,335,937.50						
PP1/2 FRP	\$ 1,593,750.00	Moderate	Nothing	Tanks	6 months	\$ 159,375.00				\$ 956,250.00	\$ 478,125.00		
PP1/2 Wate Management	\$ 1,289,062.50	Moderate	Nothing	Drainage	12 months					\$ 644,531.25	\$ 644,531.25		
PP4 Remediation	\$ 937,500.00	Moderate	Nothing	-	6 months	\$ 187,500.00	\$ 187,500.00	\$ 562,500.00					
Rota Drainage	\$ 742,187.50	Moderate	EPA remediation?	Rota Waste	7 months	\$ 742,187.50							
PP1/2 Tank 104	\$ 781,250.00	Low	Nothing	FRP	2 month			\$ 781,250.00					
PP1/2 Facility Piping	\$ 859,375.00	Low	Nothing	PP1 Waste and drainage	2 months					\$ 859,375.00			
PP3 Remediation	\$ 218,750.00	Low	Nothing	-	1 month					\$ 218,750.00			
Rota Waste	\$ 117,187.50	Low	Nothing	Rota Drainage	12 months					\$ 117,187.50			
						\$ 8,949,494.24	\$ 5,507,117.39	\$ 5,004,827.02	\$ 478,125.00				
						CNMI Funds	\$ 7,800,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00			
						CUC Funds	\$ 1,812,727.92	0	0	0			
						Total Input	\$ 9,612,727.92	\$ 5,663,233.68	\$ 5,156,116.30	\$ 5,151,289.28			
						Remaining	\$ 663,233.68	\$ 156,116.30	\$ 151,289.28	\$ 4,673,164.28			

COMMONWEALTH UTILITIES CORPORATION  
DOI/OIA CIP GRANT - SO2 RELATED PROJECTS  
AS OF July 31, 2014

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2010-3 (DIIAP00102/GRX0115)	2/22/2010	09/30/14	-To address EPA Stipulated Order No.2 related to Used Oil Infrastructure						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
#1 TECHNICAL MANAGER FOR OIL	3/18/2010	160,000.00	159,603.10	396.90	159,603.10	-	159,603.10	396.90	100%
#2 SECONDARY CONTAINMENT BERMS, SAIPAN	4/1/2010	405,000.00	311,387.30	93,612.70	308,155.65	3,231.65	308,155.65	96,844.35	76%
#3 FACILITY RESPONSE EQPT, PPE & AGREEMENT WITH RESPONSE PROVIDERS	10/19/2010	250,000.00	249,217.84	782.16	249,217.84	-	249,217.84	782.16	100%
#4 TANK SYSTEM INTEGRITY AND CLEANOUT PLAN , schedule and partial clean out & integrity testing - 101, 102,105,106 and Rota	4/30/2010; amend 03/28/11	980,000.00	960,913.97	19,086.03	941,924.52	18,989.45	941,924.52	38,075.48	96%
#5 IMPLEMENTATION OF USEPA APPROVED WORK PLANS FOR PPI, II, AND III	6/23/2010	569,312.00	555,563.05	13,748.95	555,184.45	378.60	555,184.45	14,127.55	98%
#6 DESIGN & ENGINEERING OF FUEL TRANSFER PIPELINE: PP1 & PP2	3/23/2010	142,000.00	142,000.00	-	142,000.00	-	142,000.00	-	100%
#7 SECONDARY CONTAINMENT BERMS, ROTA	4/1/2010	-	-	-	-	-	-	-	-
#8 OIL WATER SEPARATORS ASSESSMENT AND REPAIR - PP1	6/16/2010	80,000.00	-	80,000.00	-	-	-	80,000.00	0%
#9 TRAINING DRILLS	6/15/2010	40,000.00	16,099.00	23,901.00	15,600.00	499.00	15,600.00	24,400.00	39%
#11 USED OIL TRANSFER DISPOSAL (SAIPAN, ROTA)	4/30/2010	580,000.00	568,224.34	11,775.66	568,224.34	-	568,224.34	11,775.66	98%
#12 PURCHASE OF USED OIL SAMPLING AND TESTING FIELD KITS	3/23/2010	25,000.00	10,349.60	14,650.40	8,982.10	1,367.50	8,982.10	16,017.90	36%
#13 PROJECT COORDINATOR/ADMIN COSTS	10/19/2010	30,000.00	15,687.93	14,312.07	8,182.25	7,505.68	8,182.25	21,817.75	27%
#14 Installation of New Fuel Tank	(see proj#4)	788,688.00	495,530.33	293,157.67	495,530.33	-	506,530.33	282,157.67	63%
TOTAL SO2 PROJECT (CNMI-CIP-2010-3)		4,050,000.00	3,484,576.46	565,423.54	3,452,604.58	31,971.88	3,463,604.58	586,395.42	85%

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2011-2 (DIIAP00106)	3/24/2011	03/31/16	REPLACEMENT OF LOWER BASE TO PUERTO RICO PETROLEUM PIPELINE (original funding)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
REPLACEMENT OF LOWER BASE TO PUERTO RICO PETROLEUM PIPELINE	4/28/2011; 9/18/13	2,154,000.00	2,145,808.47	35,009.00	1,583,413.73	562,394.74	1,884,178.23	269,821.77	74%

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2012-7 (D12AP00355)	9/20/2012	09/30/17	Funding for Construction of the Lower Base Puerto Rico Petroleum Pipeline Replacement Project (addl funding)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
Funding for Construction of the Lower Base Puerto Rico Petroleum Pipeline Replacement Project (addl funding)	10/24/2012, 9/18/13	800,000.00	800,000.00	-	-	800,000.00	-	800,000.00	-

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2013-3 (DI3AP00028)	5/1/2013	09/30/17	To replace CUC's existing oil pipeline with a new one (addl funding)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
To replace CUC's existing oil pipeline with a new one (addl funding)	9/18/2013	1,025,000.00	900,000.00	125,000.00	159,000.00	741,000.00	318,000.00	707,000.00	0

COMMONWEALTH UTILITIES CORPORATION  
DOI/OIA CIP GRANT - SO2 RELATED PROJECTS  
AS OF July 31, 2014

GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2013-6 (D13AP00108)	7/19/2013	06/30/18	To provide additional funding for replacing CUC's existing pipeline (addl)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
To provide additional funding for replacing CUC's existing pipeline (addl)	9/18/2013	725,000.00	662,542.52	62,457.48	-	662,542.52	-	725,000.00	-
GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2012-8 (D12AP00356)	9/21/2012	09/30/17	Funding for Cleanout, inspection, repair and integrity testing of Rota Tanks. (Approved to include Tank 103,102 and ISO 7/20/13)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
#4A Funding for Cleanout, inspection, repair and integrity testing of Rota Tanks, Tank 103-Saipan	10/24/2012	232,000.00	118,674.30	113,325.70	118,674.30	-	-	118,674.30	113,325.70
51%									
GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2013-1 (D13AP00018)	3/1/2013	09/30/17	Funding for Cleanout, inspection, repair and integrity testing of Rota Tanks						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
Funding for construction of the CUC Power Plant Fuel Tank	3/8/2013	350,000.00	335,809.36	14,190.64	323,768.11	12,041.25	312,768.11	37,231.89	93%
GRANT REFERENCE NO.	GRANT AWARD DATE	GRANT EXPIRATION DATE	GRANT PURPOSE						
CNMI-CIP-2014-2 (D14AP00018)	2/27/2014	09/30/18	To provide additional funding for replacing CUC's existing pipeline (addl)						
PROJECT TITLE	ATP Date (Authorization to Proceed)	GRANT AMOUNT	Obligated	Unobligated Balance / Grant Available	Expenditures (Invoiced)	ULO	DRAWDOWNS	Available Funds for Drawdown	% (Expenditure/Grant Amt)
To provide additional funding for replacing CUC's existing pipeline (addl)		733,252.50	733,252.50	-	336,000.00	397,252.50	336,000.00	397,252.50	46%
Unobligated Balance/SO2 Grants:	\$ 915,406.36	Total Awarded SO2 Grant Funds Not Drawn Down:			3,636,027.28				
Update TANO Contract:	\$ (326,434.00)	Minus "Unobligated" Funds:			(2,271,326.36)				
Update cancel Smithbridge:	\$ 1,682,354.00	Un-drawn Gramt Funds Obligated by Contracts and PO:			1,364,700.92				>>mostly VPE
Potential to reallocate:	\$ 2,271,326.36								

Facility	Project	Scope	Estimated Cost to Complete (A+C-B)	A: Current Contract Amount	B: Spent Amount	C: Estimated Cost - over current amount	Notes
Pipeline	Construction, Commissioning, and Decommissioning	Ensure project is completed to ER specifications	\$ 834,750.00	\$ 795,000.00	\$ 159,000.00	\$ 198,750.00	25% estimate
		Inspect to ensure compliance with specs	\$ 167,000.00	\$ 211,500.00	\$ 162,000.00	\$ 117,500.00	6 months standby plus 1 month site work
		Terminated contractor	\$ 2,201,337.02	\$ 2,631,210.97	\$ 929,873.95	\$ 500,000.00	Current scope + plus additional
		Conduct In-line inspection once commissioned	\$ 160,000.00	\$ -	\$ -	\$ 160,000.00	Quotation from Smithbridge
	Operational Documents and Training	Decommission existing pipeline	\$ -	\$ -	\$ -	\$ -	No cost - internal
	Provide training, IMP, O&M and OQ documents	\$ 444,000.00	\$ 975,000.00	\$ 531,000.00	\$ -	\$ -	
PP1/2	Tank 102	Ensure project is completed to ER specifications	\$ 155,630.00	\$ 804,266.75	\$ 804,266.75	\$ 155,630.00	CUC SCOPE - NOT EEMC
		Inspect to ensure compliance with specs	\$ 184,000.00	\$ 571,300.00	\$ 459,300.00	\$ 72,000.00	CUC SCOPE - NOT EEMC
		Construct to specifications	\$ 1,101,434.00	\$ 1,101,434.00	\$ -	\$ -	CUC SCOPE - NOT EEMC
	Tank 103, 150, 120 Cleaning	Clean tanks	\$ 71,533.00			\$ 71,533.00	Gresco proposal - not executed
	Tank 103 Inspection	API 653 inspection	\$ 47,703.91			\$ 47,703.91	EIS proposal - not executed
	Tank 103 Repair	API 653 Repair - tank foundation at a minimum	\$ 500,000.00			\$ 500,000.00	Estimate
	Tank 104 Demolition	Demolish tank 104	\$ 500,000.00			\$ 500,000.00	Estimate
	Drainage	SWPPP	\$ 65,000.00			\$ 65,000.00	AL- professional judgment
		Engineering Evaluation / Assessment / Survey	\$ 150,000.00			\$ 150,000.00	AL- Estimate
		NPDES	\$ 25,000.00			\$ 25,000.00	AL- professional judgment
		Implement	\$ 460,000.00			\$ 460,000.00	AL- professional judgment
		OWS	\$ 250,000.00			\$ 250,000.00	Quotation
	FRP	Edit FRP to address EPA comments	\$ 15,000.00			\$ 15,000.00	AL- professional judgment
		Purchase materials	\$ 530,000.00			\$ 530,000.00	Estimate based on Lamor 2010 quotation
		Storage building	\$ 435,000.00			\$ 435,000.00	AL- professional judgment
		Annual standby fee to respond to Small to Large spills	\$ 15,000.00			\$ 15,000.00	CUCA110-C049
		Training Drills	\$ 25,000.00			\$ 25,000.00	QI certs.
	Waste	OWS, Tanks, Redesign	\$ 75,000.00			\$ 75,000.00	
		Engineering Review	\$ 150,000.00			\$ 150,000.00	
		Other Solutions etc. (add more)	\$ 325,000.00			\$ 325,000.00	
		Incinerator and regenerator	\$ 275,000.00			\$ 275,000.00	
	Piping	Replace and maintain facility piping at PP1	\$ 150,000.00			\$ 150,000.00	
			\$ 400,000.00			\$ 400,000.00	
PP3	Remediation		\$ 140,000.00			\$ 140,000.00	
PP4	Site investigation/risk assessment/remediation	Determine the extent of cleanup required and execute that cleanup.	\$ 600,000.00			\$ 600,000.00	
Rota	Drainage	SWPPP	\$ 25,000.00			\$ 25,000.00	AL- professional judgment
		Engineering Assessment	\$ 75,000.00			\$ 75,000.00	AL
		NPDES	\$ 25,000.00			\$ 25,000.00	AL- professional judgment
		Implement	\$ 225,000.00			\$ 225,000.00	AL- professional judgment
		OWS	\$ 125,000.00			\$ 125,000.00	AL- professional judgment
	Waste	OWS, Tanks, Redesign	\$ 75,000.00			\$ 75,000.00	
		Total EEMC Responsible Projects (i.e. not Tank 102)	\$ 9,561,323.93	\$ 7,089,711.72	\$ 3,045,440.70	\$ 6,958,116.91	
		Contingency	\$ 2,390,330.98				
		EEMC	\$ 2,987,913.73				
		EPA Remedial Costs	\$ 5,000,000.00				
		Grand Total EEMC	\$ 19,939,568.64				

# Exhibit 2



# Commonwealth Utilities Corporation



December 2, 2014

Mr. John Tinger  
Project Coordinator  
U.S. Environmental Protection Agency  
Region 9  
75 Hawthorne Street (CED-6)  
San Francisco, CA 94105

WR-SO-09-214  
Ref No. 12-14-002

**Re: Paragraph 15 of Stipulated Order Number 1 - Petroleum and Compliance Manager  
(aka Technical Manager for Oil) - Notice of Resignation**

Dear Mr. Tinger:

Pleased be informed that Mr. Andrew Longworth, Petroleum and Compliance Manager (aka Technical Manager for Oil), has resigned from his position. The effective date of his resignation is January 4, 2015. CUC is currently developing a process for his replacement.

If you have any questions, please contact me directly at (670) 235-6090. Thank you for your time and consideration in this matter.

Yours Truly,

ALAN W. FLETCHER  
Executive Director

*I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.*

Copy: Bradley O'Brien, DOJ  
Janet Magnuson, EPA  
Gretchen Busterud, EPA  
Ken Greenberg, EPA  
Michelle Rogow, EPA  
Carl Goldstein, EPA

Michael Lee, EPA  
Gilbert Birnbrich, OAG  
Frank Rabauliman, DEQ  
David Rosario, DEQ  
Kate Fuller, DEQ  
Keith Aughenbaugh, DOI-OIA

Joanne Paraiso, CUC  
James Sirok, CUC  
Deborah Fisher, CUC  
John Riegel, CUC  
Richard Wasser, CUC

**P. O. Box 501220, Third Floor, Joeten Dandan Building, Saipan, MP 96950**

**Tel: (670) 664-4282 • Fax: (670) 235-5131**

**CUC is an Equal Opportunity Provider and Employer.**

Exhibit 2 to Declaration of Michelle Rogow  
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